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SUBJECT: RUSSIAN SANCTIONS ON GEORGIA TO STAY FOR NOW

Classified By: Ambassador William J. Burns. Reason 1.4 (b, d)

¶1. (C) Following President Putin's October 1 comments that Georgia's arrest of Russian officers was an act of "state terrorism," new measures targeting Georgia are being enacted.

As of October 3, flights between Georgia and Russia have been halted for "recertification." Ferry service between Sochi and Batumi has been suspended. Russian railways will no longer attach passenger cars to the Moscow-Baku train for direct transfer to the Baku-Tbilisi train; the railways will also stop procuring from Georgia parts and service for locomotives. The Minister of Communications announced the suspension of mail service, including postal money orders. A draft law before the Duma would give the GOR the power to restrict or ban bank transfers to individual countries (read:

Georgia. The language of discussion in Moscow portrays the employment of Georgians legally resident in Russia as a sort of Russian economic assistance to Georgia, rather than a contribution by Georgians to the Russian economy). Press reports indicate Russia is deporting a few Georgian illegal immigrants, and that the Russian police are stepping up action against Georgian organized criminals in Russia.

¶2. (C) The release of the Russian officers has not lessened Russia's determination to impose these measures. MFA 4th CIS Department Deputy Director Tarabrin told us October 3 that the arrests were not the only cause for the sanctions. Rather, the measures resulted from Georgia's "language of ultimata and accusations, and the entire line of the Georgian leadership over the past months." Tarabrin stressed that the measures were supposed to be temporary and that "if there is an improvement in relations, the measures will be canceled." He also stressed that the draft Duma law was still at the stage of "intention, not actualization." The rhetoric of Russian officials, usually restrained (in contrast to that of Russian parliamentarians and commentators) has taken on a sharp edge. In addition to Putin's October 1 comments on the return of "Beria's policies" to Georgia, Russian Ambassador to the UK Fedotov, speaking to an international conference September 29, compared recent Georgian actions on Abkhazia to those Stalin took before invading Finland. Stalin and Beria were, of course, Georgians.

¶3. (C) Duma CIS Committee Chair Andrey Kokoshin confirmed to DAS David Kramer October 3 that the Duma would amend the law on financial transactions to allow the GOR to stop bank transfers. Russian public opinion wants strong action against Georgia. Kokoshin said Russia believes Georgian President Saakashvili has angered local elites who will now attack him; even the ethnic Georgian parts of Georgia were now unstable. Kokoshin also vented against the U.S., both for Georgia's NATO aspirations (specifically a Senate bill to fast-track Georgia's accession) and arms transfers to Georgia, which he proposed be stopped by moratorium.

¶4. (C) DFM Karasin told the Ambassador October 3 that "you should not underestimate how angry people are here." Russia, he said, is seeking to draw a line with the Georgian

government in response not only to recent arrests but also to a whole range of perceived provocations. Ambassador pushed back, pointing out that heavy-handed Russian actions following the release of those arrested was only going to bolster Georgian popular support for Saakashvili and deepen hostility toward Russia. Karasin was unmoved. "This is the least we can do," he added.

Comment

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15. (C) The Russian measures appear to us to have several specific aims:

-- First, Russia wants to convince Georgians that their leaders are worsening their living conditions.

-- Second, the Russian political elite believes Georgia was encouraged to arrest the officers by NATO's offer of Intensified Dialogue. The Russian actions and sharp rhetoric stress this to NATO, express Russia's unhappiness at NATO's perceived role and hope to convince European allies of the futility of going further down the path of Georgian accession.

-- Third, most Russians suspect that the U.S. incited or at least gave pre-approval to the Georgian arrests. The measures aim to demonstrate to the U.S. that Russia sees the U.S.-Russian relationship vis--vis Georgia as a zero-sum competition for influence in the Caucasus; a game in which Russia has the greater commitment and holds the stronger cards.

16. (C) Given the last two points, it is essential that we urge our European allies to join us vigorously in engaging

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with Russia to normalize Russian-Georgian relations. They need to play a strong role in urging an end to measures imposed against Georgia since last year on imports, borders, and now transportation and communications. Along those lines, Ambassador pressed his German, British and EU counterparts in separate conversations October 3 to weigh in with the GOR -- noting Putin's planned trip to Germany next week and to Finland for the informal EU Summit later in October.

BURNS